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OFFICE OF
THE CITY PLANNING BOARD

1108 City Hall Annex
BOSTON 8, MASS.

December 9, 1957.

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Honorable John B. Hynes,
Mayor of Boston,
Boston, Massachusetts

Dear Mr. Mayor:

A copy of the report of A. D. Little, Inc., prepared at the request of the Planning Board on the subject of the economic status and future of the downtown retail area, is attached. This report, a preliminary survey of the subject, points up a situation which has been developing for years. It now represents a challenge to the Planning Board, the City of Boston, and the downtown landowners and retailers.

The relative decline of the retailing function indicated in the report spells neither the doom of the downtown retail core nor the decline of the entire business district.

Boston is the center of a rapidly growing area. The population of Greater Boston has increased 9.5 percent in the past seven years. By 1960 the area will have a population of close to 3,000,000. A vigorous downtown concentration of general offices, banking, insurance, government, entertainment, and other professional, business and consumer services are required by such a growing area.

Land or buildings no longer required for retail purposes can be converted to these services which will lend continuing support to the retail core. The City Planning Board has already issued a proposal for an integrated Government Center at Scollay Square. It has been engaged for several months in an intensive study of the problems in the retail core.

The modernization of the retail area and the re-utilization of unproductive properties call for action beyond the resources of the City, or the landowners, or the retailers operating alone. Cooperative effort is the only device by which a fully satisfactory solution can be reached. An organized and sustained cooperative program should get underway immediately, integrating the efforts of the Planning Board and other existing organizations and committees into an effective whole. The mechanics of establishing such a program can be worked out in conference with representatives of the interested groups.

Much has been said about the shortcomings of retailing downtown, but the Boston retail core enjoys many advantages that cannot be matched by competing centers. Much has been said about the plight of Boston particularly, but the decline in the ratio of retail sales in the central business district in Boston to sales in the total metropolitan area is virtually the same as the average decline experienced by the central cities of the other U. S. metropolitan areas.

Some of the advantages of the downtown retail center that can be capitalized upon in preparing it for a prosperous future are these:

(1) The retail core is served by rapid transit more fully and efficiently than any suburban center and as completely as any shopping area in the world. This is an asset of incalculable value. There is evidence that the stores in close proximity to the intersection of rapid transit lines are not experiencing the same sales decline as stores on the periphery of the retail core. Rapid transit improvements downtown are essential, as are transit extensions, to the future welfare of downtown retailing. Public expenditure for this purpose can be justified in that such improvements will serve a vast array of other downtown regional services as well.

(2) Downtown Boston is as well served by modern highways, either existing or planned, as any of the older metropolitan centers. These improvements too are justified on the basis of the wide benefits derived. The retail center downtown can be made to benefit thereby although it must be recognized that any attempt to service a downtown retail center by highways alone could result only in its continued decline.

(3) Because of its central and accessible location the retail core is an area of high value real estate and a natural location for retail merchandising.

(4) The downtown retail center offers a wide variety of specialty shops and a wide selection of goods; this element of the downtown center must be given appropriate emphasis in its redesign.

(5) Both the shopper and the worker within retailing establishments are becoming accustomed to the modern and attractive environment for shopping and working as provided by the new suburban shopping centers. As the downtown environment is made more attractive within the retail center itself, the presence in the immediate vicinity of the theatres, restaurants, and the great variety of business and consumer services will become an even greater attraction to the shoppers than is recognized by them today.



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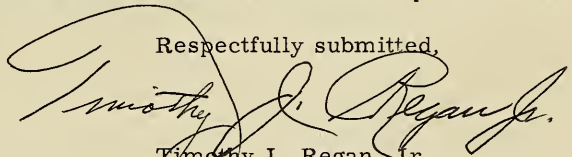
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(6) Because the downtown shopping area will continue to serve the downtown neighborhoods of Boston and the immediate suburbs on the strength of proximity alone, the renewal of these neighborhoods will have a positive impact on the downtown shopping center. The renewal of these areas is now getting underway, with the West End project being the first of many that must be undertaken for residential purposes.

Private enterprise is undertaking numerous improvements within the central business district. The parking garage building program continues. The Greater Boston Economic Study Committee is embarking on an intensive analysis of downtown as it relates to the economic strength of the metropolitan area. The Retail Trade Board, the Boston Real Estate Board, the Greater Boston Chamber of Commerce, the Committee on Civic Progress are repeatedly demonstrating a constructive interest in downtown improvement. The Planning Board is looking forward to an increasingly active support and collaboration of these groups as it develops its program for the renewal of the retail core.

Now is the time to make of the retail area a consolidated, modern center, smaller in floor area requirements than exists today, but fully competitive in terms of environment, convenience and services offered with the newer centers on the outskirts of the metropolitan area.

Respectfully submitted,

A large, fluid handwritten signature in dark ink, which appears to read "Timothy J. Regan, Jr.", is written over the typed name and title.

Timothy J. Regan, Jr.
Chairman

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PRELIMINARY RESEARCH FOR
THE REDEVELOPMENT OF
BOSTON'S RETAIL DISTRICT

Report to
BOSTON CITY PLANNING BOARD

December 3, 1957
C-61055



ARTHUR D. LITTLE, INC.

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This report is rendered upon the condition that it is not to be reproduced wholly or in part for advertising or other purposes over our signature or in connection with our name without special permission in writing.

Arthur D. Little, Inc.



THIRTY MEMORIAL DRIVE
CAMBRIDGE 42, MASSACHUSETTS

December 3, 1957

The City Planning Board
1108 City Hall Annex
Boston 8, Massachusetts

Attention: Mr. Timothy J. Regan, Jr., Chairman

Gentlemen:

C-61055

This is our report on the preliminary survey of the Boston Retail Core Study area, on which we reported verbally November 5, 1957.

This report sets forth our views of the problem and suggests corrective methods. Although the scope of the study precluded detailed research, in all instances we have taken a careful, reasoned approach to serve the best interests of the Boston community.

We have enjoyed working with you on this project and wish you every success.

Respectfully submitted,

Arthur D. Little, Inc.

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I. SUMMARY

A. PURPOSE AND SCOPE

The City Planning Board is interested in methods of redeveloping the Central Business District. An essential part of this district is the Retail Core area, bounded by Harrison Avenue and Tremont, Stuart, Kneeland, Essex, Kingston, Otis, Devonshire, State, and Court Streets. As a part of the larger redevelopment plans, Arthur D. Little, Inc., was retained by the Planning Board to: (1) undertake a preliminary survey of the existing and potential market for retailing in the Retail Core area, (2) identify useful research, and (3) suggest means by which research could be conducted.

While our study was focused geographically on the Retail Core area, and functionally on retailing, it was understood that final recommendations and action must be based upon benefits to the entire community. So that the needs of both the Retail Core area and the city can be accommodated, the direction and magnitude of present trends should be identified and their future directions projected.

This preliminary survey was not intended to provide original research. Some of our statements are opinions rather than conclusions from evidence validated by normally detailed research.

The appendix, included at the request of the Planning Board, gives our opinions on desirable approaches for encouraging some nonretail uses for land within the Core.

B. CONCLUSIONS

In the Boston Retail Core area, sales (measured in constant dollars) have persistently declined since 1948. This decline, largely the result of shifting population and establishment of retailing operations in other areas, has shown no sign of abatement. Our investigation of the present status and future prospects of the central retailing function has revealed:

1. The Retail Core of the future will remain the largest in the area and can become the strongest economically if its activity is consolidated and if its physical layout is developed so that shoppers will be provided with convenient and pleasant surroundings.

2. Further decline of retail sales in the Core area is anticipated, even though certain segments of the retail complex may show continued strength.

3. Because of declining sales, less floor space will be required to accommodate future levels of retail sales.

4. As space requirements for the central retailing function decline, other uses for the vacated buildings must be encouraged. (See appendix.)

5. Redevelopment of the Core area is necessary if it is to fulfill its historical and projected role as a regional center for a variety of economic activity; therefore, planning and later action must include steps to arrest and even reverse the present decline in land values and to ensure that services provided in the Core will satisfy the downtown needs of all economic groups.

6. The Retail Core's location in the heart of the city, at the termini of rapid-transit facilities and highways provides advantages unobtainable elsewhere in the Boston metropolitan area.

7. Planning of highways, rapid-transit improvements, street layouts, land usage, and urban renewal must be coordinated so that all activity in the Core area will receive maximum benefit from the changes.

8. Expenditure of public funds for such purposes as improved access to the Core area cannot be justified from the point of view of retailing alone; however, expenditures made for the benefit of the entire Central Business District should provide real benefit to the retailing segment of the downtown economy.

9. Much of the research being conducted in other cities may help sound planning in Boston.

10. The City Planning Board can work closely with the Greater Boston Chamber of Commerce, Greater Boston Economic Study Committee, Retail Trade Board, and other civic groups to coordinate research and redevelop both the Retail Core area and the Central Business District.

11. Because city redevelopment is a continuous need, economic research to guide the physical planners must also be continuous.

C. RECOMMENDATIONS

We submit the following recommendations to the City Planning Board for its consideration:

1. Provide for increased research effort within the Planning Board staff by appointing a research director with extensive training and experience in economic research and a knowledge of its application to the City Planning function. The director should review research undertaken in other cities and test its applicability to Boston. He should also maintain current knowledge of research projects in process and/or proposed within the Boston metropolitan area.

2. Develop within the City Planning Board staff a continuing program of research, so that up-to-date knowledge of economic forces impinging on the development of the City may always be available. Such research should be carefully coordinated with that carried on by all other agencies, so that the community will receive maximum value for each dollar spent. Economic research, as well as planning, is a continuing process.

3. Under the supervision of the research director, conduct research that the planners consider necessary for preparation of physical designs. Much of this work could be carried out either in cooperation with or let out on contract to experienced staff members of local universities. Among the research topics that may be included in this category are:

- a. Studies of travel patterns of shoppers within the Core area. These patterns should include: (1) time spent in the area, (2) the distance a shopper normally walks within the area, (3) home location, (4) means of transportation, (5) place of employment, and (6) percentage of shoppers who are office workers.
- b. Detailed research into existing owner-tenant relationships and pattern of ownership in the area.
- c. Retail operating expenses, particularly those that might be altered by physical changes.

- d. Investigation of methods for transition from the present to the future, including taxation, legislation, and other action that may be taken by public and/or private agencies for the well-being of the community.

4. Proceed with plans for the redevelopment of the Retail Core area on the basis of declining demand for retail space.

II. THE MARKET FOR RETAILING IN BOSTON'S CORE

In order to understand the downtown retailing situation, we have analyzed trends evident from statistical studies of retail sales in the Central Business District, the City of Boston, and the Boston metropolitan area. Since World War II, the rapid shift of population to the suburbs has changed the pattern of retailing in the metropolitan area. The build-up of the suburbs has, of course, had other effects on the Core city, but we are concerned primarily with the present and future market for the central retailing function. Following an analysis of what has happened, we will make certain observations concerning what is expected to happen to the volume of retail sales in the Retail Core Study area.

A. TRENDS IN RETAIL SALES, 1948-1954

The most accurate measure of retail trends for this area is contained in the 1954 Census of Business, prepared by the Bureau of the Census of the U. S. Department of Commerce in 1956. This survey compares sales in 1948 with those in 1954 in the Central Business District, the City of Boston, and the Standard Metropolitan Area. The Central Business District surveyed by the Bureau of Census includes a slightly larger area than that included in this survey. (The Central Business District as defined by the Census Bureau does not include sales made in the Back Bay area.) The trends, however, are not believed to be significantly different.

The volume of retail sales, measured in constant dollars, made within Boston's Central Business District declined 8% between 1948 and 1954. During the same period, retail sales in the entire metropolitan area (in constant dollars) increased 21%. Whereas in 1948 retail sales within Boston's Central Business District accounted for 20.0% of total metropolitan area retail sales, the same figure had dropped to 15.2% by 1954. This drop corresponds closely to the average decline of 24 other major U. S. cities that went from 20.0% in 1948 to 15.0% in 1954.¹

Table I shows the breakdown of total Boston metropolitan area sales into three areas: the Central Business District, the City of Boston less the Central Business District, and the metropolitan area less the City. It shows clearly the relative growth (or decline) of sales within these three areas.

1. Traffic Quarterly, July 1957, page 363.

TABLE I

TOTAL RETAIL SALES, BOSTON METROPOLITAN AREA, 1948-1954¹
(in thousands of 1947-49 dollars)²

	<u>1954</u>	<u>1948</u>	<u>Percentage Change</u> <u>1948-1954</u>
Central Business District	378, 341	411, 433	-8
City of Boston less CBD	710, 009	569, 650	24. 6
Metropolitan Area less City of Boston	<u>1, 399, 556</u>	<u>1, 075, 820</u>	30. 0
TOTAL	2, 487, 906	2, 056, 903	21

Since no over-all retail sales figures are available for the years since 1954, Table II shows indices of department store sales from 1948 through the first nine months of 1957. Although the index, based on absolute dollar volume, shows a slight increase since 1948, adjustment of these figures compensates for inflation of the dollar and indicates a substantial decline in retail sales made through Boston's department stores. This decline is significant because department stores comprised approximately 45% of the total retail sales made within Boston's Central Business District, and perhaps as much as 70% of retail sales made within the Retail Core Study area.

Trends of total retail sales alone do not provide a complete view of retail sales in the area. It is necessary, therefore, to examine the data comprising the totals previously discussed. Table III indicates that in the Central Business District the only stores that have shown appreciable increases in sales (unadjusted dollars) since 1948 are furniture stores, home-furnishing stores, appliance dealers, and gasoline service stations.

1. Basic data from 1954 Census of Business, Central Business Statistics, Boston, Massachusetts, U. S. Department of Commerce, Bureau of Census (1956).
2. Dollar figures adjusted according to Consumer Price Index, All Commodities 1947-1949.

TABLE IIBOSTON DEPARTMENT STORE SALES
(1947-49 Average = 100)

<u>Year</u>	<u>Index</u> (unadjusted dollars)	<u>Index</u> (1947-49 dollars)
1948	100	97.3
1949	100	98.2
1950	102	99.2
1951	104	93.7
1952	102	89.9
1953	102	89.2
1954	103	89.7
1955	103	90.0
1956	103	88.6
1957	97*	81.1*

* Average for first nine months compared with average for first nine months 1947-49.

Source: Federal Reserve Bank of Boston
Research and Statistics Department

Note: There may be a tendency to attribute the low indices of sales volume during the first nine months of 1957 to seasonal factors. This interpretation should not be made since the index reflects comparable periods of previous years.
It is not possible to conclude from published records the influence that the closing of any single store has had on total volume. We suspect, however, that the recent decline reflects a general drop to most downtown stores.

TABLE IIIPERCENT OF CHANGE IN RETAIL SALES, 1948-1954

<u>Kind of Business</u> <u>Retail Stores</u>	<u>Central Business</u> <u>District</u>	<u>Standard Metropolitan</u> <u>Area Less Central</u> <u>Business District</u>
Retail stores, total	2.7	43.2
Food stores	0.0	47.7
Eating and drinking places	3.7	18.6
General merchandise group	2.1	44.7
Apparel	-13.1	36.7
Furniture, home furnishings, appliance dealers	49.5	34.3
Automotive groups	65.7	68.6
Gasoline service stations	80.1	66.2
Lumber, building materials hardware, farm equipment	10.6	38.7
Drug stores, proprietary stores	2.7	24.4
Other retail stores	9.2	28.8
<u>Selected Service Trades</u>		
Hotels	-0.5	4.6
Motion picture theaters	-12.0	-21.5

Table IV shows the relative importance of various types of stores within the Central Business District. The general merchandise group, 93% of whose sales come from department stores, accounts for a major portion of total sales. Retail groups which exhibited marked increases in sales volumes from 1948-1954 comprised only 6.9% of total retail sales in the Central Business District in 1954.

Table V shows trends in Boston, compared with those in other areas of the country. While retail sales within the Central Business District increased 217% from 1948 to 1954, some other major U. S. cities lost considerable sales volume. Cities such as Detroit, Philadelphia, and Pittsburgh suffered serious losses. Cincinnati and New Haven made important gains.

Professor Joseph F. Turley has noted that, in cities in which department stores conducted a major proportion of retail sales within the Central Business District, the sales of the CBD are apt to suffer the most serious declines in proportion to the entire metropolitan area.¹ This finding suggests that, to save sales in downtown areas, communities should depend not only upon department stores but also on a variety of establishments handling various products.

B. SUBURBAN SHOPPING CENTERS

Existing and planned suburban shopping centers pose the greatest single threat to downtown retailing. Their advantages include lower rents, good access from highways, and ample parking. Shopping centers operate with a higher gross margin and lower expenses than downtown stores. Although prices for a given article are the same, the shopping centers have fewer price-cutting sales and less radical markdowns.

Advertising expenses for branch stores are small since they share expenses with the main store. Delivery of goods is less frequent, and costs less per dollar's worth of goods delivered. Not only is the delivery distance shorter, but also less traffic is encountered.

It is also easier for the shopping centers to hire sales personnel. First-class, part-time help is easier to employ and keep, partly because the stores are located in areas of above-average incomes, and partly because of pleasant working environments.

1. Joseph F. Turley, Economic Outlook, Greater Boston Business, June 1957, p. 13.

TABLE IV

PERCENTAGE DISTRIBUTION OF SALES BY KIND OF BUSINESS
BOSTON CENTRAL BUSINESS DISTRICT

	<u>1954</u>	<u>1948</u>
Food stores	4.5	4.6
Eating, drinking places	10.6	10.5
General merchandise	48.9	49.2
Apparel and accessories stores	14.9	17.6
Furniture, home furnishings, appliance dealers	6.3	4.3
Automotive group	.3	.2
Gasoline service stations	.3	.2
Lumber, building materials, hardware	.9	.2
Drug stores, proprietary stores	1.0	1.0
Other retail stores	<u>12.3</u>	<u>11.5</u>
	100.0	100.0

Source: 1954 Census of Business, U. S. Department of Commerce (1956).

TABLE V

PERCENTAGE OF CHANGE IN TOTAL RETAIL SALES,
BY AREA, 1948-1954

	<u>Central Business District</u>	<u>Entire Standard Metropolitan Area</u>
Atlanta	3.6	45.7
Boston	2.7	35.1
Cincinnati	8.1	31.1
Cleveland	5.5	31.2
Detroit	-11.1	39.4
Milwaukee	-1.0	26.6
New Haven	6.7	32.2
Philadelphia	-6.0	30.6
Pittsburgh	-16.1	15.1
Richmond	2.5	24.5
Seattle	5.1	32.9

Source: Central Business District Statistics, U. S. Department of Commerce (1954).

Shopping centers also have disadvantages. Especially during their first few years of operation, management was inexperienced. Mistakes were made in the placement of centers, the correct size, and the assortment of stores included. As experience has been gained in the planning and operation of shopping centers, they have become an increasingly serious competitive threat to the downtown retailing. For certain types of standardized products, it is cheaper to take products to the people than to bring people to the products.

The single most important disadvantage of the shopping center is the comparatively small variety of goods and services it offers.

C. CONSUMER SHOPPING HABITS

In 1953, the Herald Traveler sponsored a study of consumer shopping habits. The purpose of this study, conducted by Boston University, was to learn consumers' feelings about the merits of shopping centers compared with downtown Boston stores, and to learn what type of consumers frequented each location. The survey consisted of 4,688 personal interviews with women shoppers from each section of Boston, each city, and each town within a 35-mile radius of the downtown shopping district. The number and density of interviews in each section of the area was determined by population.

At the time this survey was made, Boston had two main shopping centers: Chestnut Hill and Shoppers' World. The survey found, in the case of Shoppers' World, that 11.2% of sales volume came from Framingham, where the Center is located; 32.1% came from contiguous areas; and 56.7% came from other places. The wide drawing power of this center illustrated the strong influence such developments can have on consumers' buying habits in the Boston suburbs.

The survey revealed that in the Boston area, 46% of the buyers admitted they were doing less shopping downtown; 20% complained about "operational" factors (i.e., poor service, crowded stores, and too much confusion and noise); 39% gave "natural reasons" (i.e., age or health discouraged travelling). As was expected, the main reason was transportation. Of those interviewed, 41% said they thought public transportation was inconvenient, traffic was too heavy, or parking was poor.

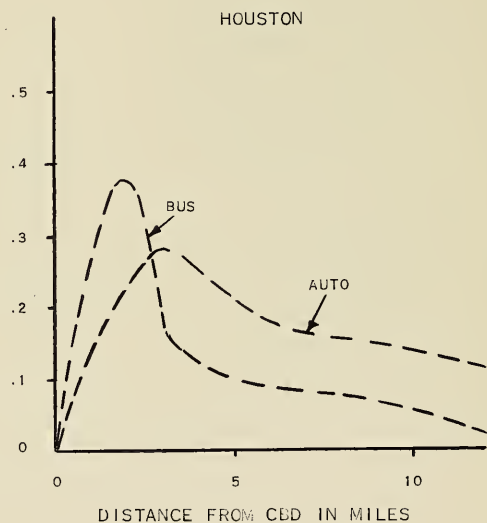
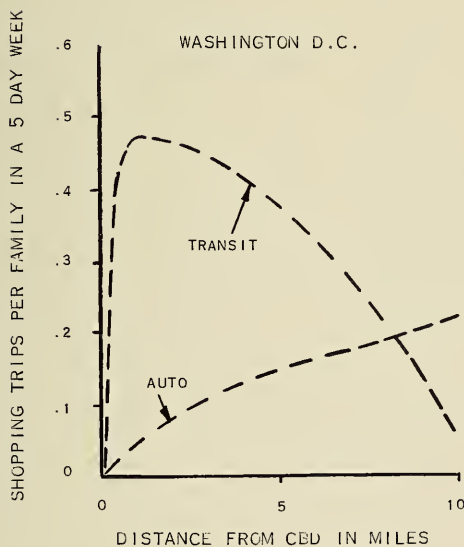
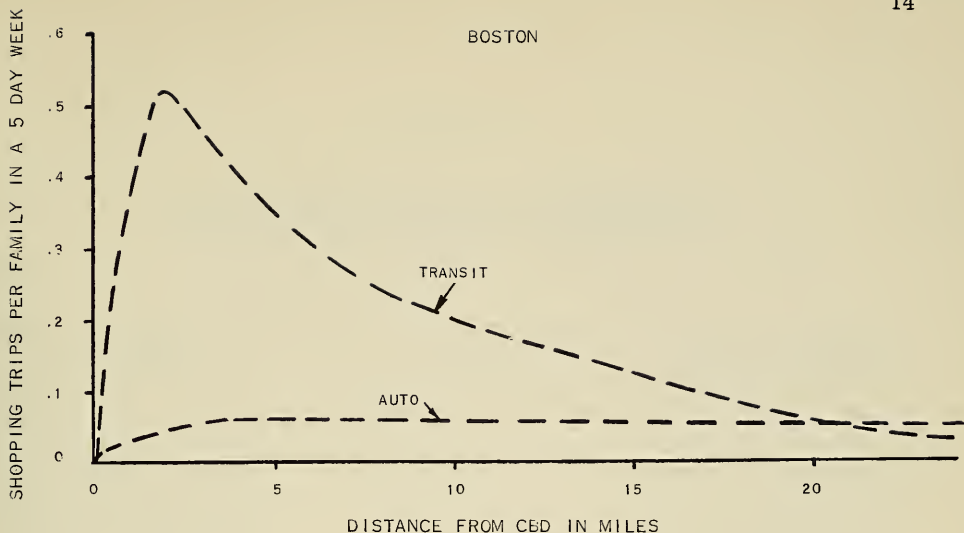
At the time of the survey, 72% of the families in the Boston area owned cars; of this group, 79% used their cars for shopping. Nevertheless, only 20% shopped downtown by car. One might conclude that downtown shoppers prefer to travel by rapid transit; the survey does not bear out this

hypothesis, although it did show that more shoppers would use public transportation if it were more convenient to do so. Of the shoppers consulted, 46%, representing 35% of the total suburban market, said that they would do more downtown shopping if parking were improved. Seven out of 20 respondents indicated that parking at outlying points on the rapid transit system was inadequate.

Figure 1 indicates the relationship between the frequency of shopping trips per family in a five-day week, and distance from the shopper's residence to the retail shopping district in three cities. These cities were selected because research data was not available from cities more similar to Boston. It is interesting to note that shoppers come to Boston via automobile much less frequently than they do in either Washington, D. C., or Houston, Texas. On the other hand, the frequency of shopping trips made to Boston via public transit was considerably higher than that of the other areas.

Another contribution of the Boston University survey was knowledge concerning the types of products purchased downtown compared with those at the shopping centers. Fashion goods and goods for which the buyer wanted to view a large selection such as fur coats, fine jewelry, and china were sold in a 25%-50% higher volume downtown. Brand items had a slight advantage in the shopping centers. The consumer felt that, because the prices of these articles are the same wherever they were bought, convenience was the deciding factor in the purchase location. Table VI shows the types of product suburbanites bought primarily in downtown stores and those purchased primarily in shopping centers.

The authors of this survey conclude that the future sales of downtown stores will come primarily from shoppers residing within the City of Boston and a few adjoining cities and towns. This stable inner belt, which had a population of approximately 1.1 million in 1953, has efficient and inexpensive transportation systems. In a sense, this inner market is a captive market and provides the nucleus by which the Central Business District can continue to be the largest and most active shopping area. The more serious battle between downtown and suburban shopping centers will be fought for those customers residing in the suburbs within a radius of 15 miles from Boston. Regardless of inconvenience, a large proportion of these shoppers still goes downtown for expensive specialty goods. The final outcome of sales to this market, the authors conclude, will largely depend on: (1) solution of the transportation and parking dilemma and (2) the practicality of building suburban shopping centers that offer a wide variety of both stores and products.



SOURCE: TECHNICAL BULLETIN NO. 24, URBAN LAND INSTITUTE

FIGURE 1
RELATIONSHIP BETWEEN TRAVEL DISTANCE AND FREQUENCY
OF SHOPPING TRIPS IN BOSTON, WASHINGTON, AND HOUSTON

TABLE VI

PRODUCT TYPES PURCHASED DOWNTOWN BY
PERSONS LIVING IN NEARBY SUBURBS

<u>Primarily Purchased Downtown</u>	<u>Purchases Evenly Divided</u>	<u>Primarily Purchased in Shopping Centers</u>
Fur coats	Men's shoes	Electric irons
Men's suits and coats	Handbags	Electric refrigerators
Untrimmed cloth coats	Pressure cookers	Washable dresses
Fine jewelry	Street dresses	Radio and television sets
China and glassware	Millinery	Clothes washers
Sheets, pillow cases, etc.	Women's shoes	Hosiery
Furniture	Men's shirts, ties	Children's wear
	Women's sports and beachwear	Cosmetics
	Costume jewelry	
	Slips and nightgowns	

Table VII shows some of the planned suburban shopping centers. One center, the North Shore Center, has already opened the doors of one department store. It is not possible at this time to foretell accurately the effect of this regional center on downtown sales. It is probable, however, that such a large center will have a substantial influence on the shopping patterns and habits of consumers in a very large area. This center will contain 70 stores, with a total floor area of nearly one million square feet, approximately 20% of the total retail space of Boston's Retail Core. Other planned centers will further tend to satisfy many of the shopping requirements of persons who were previously supplied by the Boston Retail Core area.

D. THE FUTURE OF RETAILING IN BOSTON'S CORE

The research done thus far indicates that future retail sales in Boston's Core will be made primarily to the "captive" market -- the one million people living within easy reach of the city. These shoppers will buy a large proportion of all of their needs from downtown stores. Office workers will continue to provide a market for Core Area sales. Shoppers living in the suburbs will go to the downtown area only for specialty items and those offering a large variety of choice. It is true that, while on a shopping trip for a special product, shoppers may also buy other goods. It cannot be supposed, however, that these secondary purchases will help support the Retail Core to any important extent. Specialty stores, such as those handling cameras, hi-fidelity equipment, hobby shops, and antiques, should continue to grow.

With the completion of the suburban shopping centers planned for construction during the next several years, the pattern of retail sales in the Boston metropolitan area may be expected to show some measure of stability that has been lacking during the years when the suburban population has grown rapidly and when retailing facilities have been constructed to satisfy this market. When this state of relative stability is reached, the share of total metropolitan area retail sales maintained by the Retail Core will depend on many factors and is not possible to predict within the scope of this preliminary survey.

It is our opinion, however, that the total volume of retail sales (measured in constant dollars) in the Retail Core will continue to decline for a number of years before it levels off.

TABLE VIIPLANNED SUBURBAN SHOPPING CENTERS

<u>Name</u>	<u>Status</u>	<u>Location</u>	<u>Type</u>	<u>Size (Sq Ft)</u>
Blue Hills	Planned for 1958-59	Canton	Regional	700,000
Arlington	Planned	Arlington	Community	
Redstone	Opened	Stoneham	Community	
North Shore*	Opened	Peabody	Regional	850,000
Lexington	Planned-1962	Lexington	Regional	700,000

*North Shore shopping center occupies 140 acres and will park 8000 cars.
 Jordan Marsh Company will have an area of 243,740 square feet; Filene's,
 120,000 square feet.

III. PHYSICAL PLANT

Plans for the redevelopment of the Retail Core area will, of course, consider the condition of the area's assets and existing physical plant. Although this report is not primarily concerned with the plant, we have drawn on information received from the City Planning Board staff, to comment on this aspect of the study.

A. INVENTORY OF USE OF SPACE IN RETAIL CORE AREA

A recent City Planning Board inventory of the use of space in the Retail Core area indicates little change in the use pattern since a similar inventory was conducted in 1953. No reliable data for the years prior to 1953 is available. Inventory data obtained from the City Planning Board is shown in Table VIII.

TABLE VIII

INVENTORY OF SPACE USE 1957 (in 000's Sq Ft)

<u>Function</u>	<u>Floor Space</u>	<u>% of Occupied Space</u>
Retailing	4,900	42
Consumer Service	1,730	15
Office	3,190	27
Wholesaling and Manufacturing	1,640	14
Public Utility and Institution	<u>330</u>	<u>2</u>
Total Occupied	11,790	100
Gross Accommodations	12,290	

B. CONDITION OF BUILDINGS

Data shown in Table IX provides information on the condition of buildings located in the Retail Core area. The accommodations classed as "given" are fireproof structures whose present condition is considered good. Those classed as "residual" are all other buildings. The column entitled "net area" is a tabulation of the land area on which the surveyed buildings are located.

TABLE IX

BUILDING CONDITIONS OF RETAIL CORE STUDY AREA

	<u>Net Area</u> (thousand sq ft)	<u>Net</u> <u>Density</u>	<u>Gross</u> <u>Accommodations</u> (thousand sq ft)
RCSA Total	2, 146	5. 7	12, 290
Given	772	7. 9	6, 130
Residual	1, 374	4. 5	6, 160
Retail Total	1, 114	5. 5	6, 080
Given	363	7. 7	2, 780
Residual	751	4. 4	3, 300

Source: City Planning Board Staff.

It can be seen that 50% of the gross accommodations in the Retail Core Study area and approximately 54% of those used for retailing activity are classified as residual. It is reasonable to conclude that substantial re-building is needed within the study area. Although a detailed study of this topic has not been carried out, it is our understanding that some buildings in prime locations require renovation, such as the installation of elevators, escalators, air-conditioning, and other improvements. Uncertainty concerning future sales prospects of some retailers in the area has discouraged the renovation or reconstruction of buildings within which they operate. Moreover, the owners of the land and buildings do not have the available capital

to carry forward such renovation and reconstruction; therefore, physical changes are left to the retailing tenant. This policy has resulted in little major building improvement.

C. TAXES

The decline in retail sales (measured in constant dollars), combined with the aging of the physical plant, has resulted in continuing pressure on the city to lower its assessments or grant abatements for tax purposes. Although there has been a substantial decline in the value of the tax base in the Retail Core area since 1946, the marked increase in the Boston tax rate during the period 1946 - 1956 has resulted in a substantial increase in the actual dollar tax paid by property owners in the area. Table X provides data on property valuations in the Retail Core area:

TABLE X

PROPERTY VALUATIONS AND TAX LEVY IN RETAIL CORE STUDY AREA

	<u>1946</u>	<u>1956</u>	<u>Change</u>
Land	\$124, 986, 000	\$106, 737, 000	
Buildings	<u>59, 419, 000</u>	<u>52, 662, 000</u>	
Total	\$184, 405, 000	\$159, 399, 000	-13.5%
Tax Rate per \$1, 000			
Valuation	\$42. 00	\$78. 70	
Tax Payments	\$ 7, 745, 094	\$ 12, 544, 701	+62%

Source: Boston City Planning Board Staff Study.

It can be seen that taxes on property in the area have increased substantially during a period when retail sales (measured in constant dollars) exhibited a decline. The increase in tax payments, when added to other cost increases, contributes importantly to the profit squeeze experienced by property owners and tenants in the Retail Core area.

D. ASSETS

The most important asset of the Retail Core is the land. The location of this land at the heart of the Core City makes it extremely desirable from the point of view of its accessibility to a large segment of the metropolitan Boston population. Ready accessibility is provided by a rapid-transit system with the capacity to move large numbers of people, at a reasonable cost, to and from the area. Furthermore, the Central Business District is located at the junction of highway facilities, both existing and proposed, with capacity for carrying additional people to and from the area. However, for persons driving downtown or using the rapid-transit system, ready access to activities located in the area requires additional parking facilities and improved access from rapid-transit facilities to buildings in the retail area. Of particular importance to the development of the area for high-value uses other than retailing (e. g. , offices and hotels) is the continued improvement and expansion of mass transportation facilities.

IV. RESEARCH

A. CURRENT AND COMPLETED STUDIES

Our preliminary survey of retailing in the downtown area has indicated that total sales volume will probably continue to decline. This drop will increase the surplus retail space in the Core, and unless new and better use for the land is found, property values will decline further. Therefore, the Planning Board should carry out research to guide redevelopment of the Core.

We do not recommend that a comprehensive research program be undertaken by an outside consultant at this time. This recommendation is based on the fact that there are many related research programs currently being conducted or planned. This section briefly outlines some of the pertinent research projects of the recent past, of the present, and planned for the future.

The Planning Board has performed research to learn the use of space within the Retail Core. If this research is kept on a continuing basis (as it has been since 1953), it will provide a valuable and accurate measure of trends of space use in the future. The Planning Board also has data giving the names of property owners and condition of existing buildings in the Retail Core.

A study of parking space requirements has already been made for the Planning Board. This report suggests the desirable number of new spaces, the type of garage, and location within the Retail Core. A recently completed study of traffic problems made by the Greater Boston Chamber of Commerce makes additional suggestions concerning on-street parking. It also recommends that a consultant in traffic engineering be hired by the Boston Traffic Department to study the proper routing, regulation, and control of downtown traffic.

The most important single piece of research performed thus far was the Consumer Shopping Habit Study made by Boston University, under the direction of Professors Beckwith and Alevizos. If it had not been for this study, it would be necessary now to conduct the equivalent extensive research.

Several research programs now underway will supplement past studies. Boston College has recently started a transportation study under sponsorship of a Ford Foundation grant. The study will investigate the relation between land use and traffic flow, determine consumer expenditure patterns for transportation, and make recommendations for integrating transportation facilities.

The research program of the Greater Boston Economic Study Committee promises to cover several problems of direct interest to the Planning Board. The five specific areas selected for its research efforts are:

1. Economic problems of downtown Boston;
2. Methods of stimulating industrial development and re-development in the Greater Boston area;
3. Shortcomings of existing transportation facilities;
4. Sources and supply of investment capital; and
5. Present utilization of Greater Boston's labor force and its future potential.

One of the most important aspects of the Greater Boston Economic Study Committee will be its broad approach to the area's development. It will be concerned with Boston's downtown problems as they relate to the entire metropolitan area. This approach avoids the danger of solving problems in one area at the expense of an adjoining location. It will also help indicate the value of a more attractive retail core in attracting new industry and high-income housing to Boston.

Tentative plans have been made for a second survey on consumer shopping habits. This survey would add further validity to the original findings. It would bring to light changes in consumer shopping habits since 1953. It may also include a wider variety of products (the original survey dealt with department-store-type goods).

It is important to note that other cities throughout the country have sponsored research programs of interest to Boston. While some of the findings are applicable only locally, others have universal interest. Cities such as Chicago, San Francisco, Los Angeles, Philadelphia, and Baltimore either have conducted or are conducting excellent research projects. Literally hundreds of thousands of dollars have been spent annually for the past three or four years. Each project adds to the understanding of the economic and social forces acting within a city. It is vitally important that Boston's Planning Board keep informed of this research and have a staff capable of interpreting the findings and testing their applicability to the Boston situation.

B. FUTURE REQUIREMENTS

Several types of information must be collected before the Planning Board proceeds with redevelopment plans. The first type concerns the behavior of shoppers while in the Retail Core. It is axiomatic that an efficient layout of buildings within the Retail Core must be based on knowledge of the people using various parts of the Core, how they use it, and when.

The following is a sample of questions intended to illustrate the type of factual data that would aid planners.

1. What is the pedestrian traffic count at the "high point" of value ?
2. At what rate does pedestrian traffic volume decrease as distance from the high point of value increases ?
3. How many stores are visited by the average shopper using MTA transportation and by shoppers driving to the Core ?
4. How much money is spent in the Core by the average shopper using MTA transportation and by shoppers driving to the Core ?
5. How long are shoppers in the Core ?
6. What kind of resting facilities do they need ?
7. Are there typical patterns of the stores visited (e. g., do shoppers go to large stores first and then to small ones) ?
8. Are shoppers able to find their way around the Core easily ?
9. What kind of information service might help increase the effective variety of goods carried in the Core ?
10. What percentage of total retail sales are made to office workers ? (The spread in other cities is 3% - 30%.)

The Planning Board should have knowledge of the operating expenses incurred by retailers in the Core. Of particular importance are expenses, such as material handling, and rent, that might be changed by new facilities. The Board should also be kept abreast of changes in the supply and demand for retail space. If space supply continues to exceed demand for extended periods, land and building owners will not be able to maintain rent levels. As rent values decline, the owners will be unable and unwilling to invest in property improvements.

Perhaps the most paradoxical characteristic of the Retail Core area is that while it contains New England's most valuable real estate for retailing, most store facilities are far from the best. To learn how and why these conditions exist, it is necessary to understand the forces operating on land owners as well as retailers. Are property taxes so high that they discourage new investment? Are tax assessments such that they encourage continued use of old facilities instead of new ones? Are the individual parcels of land so small that a rebuilding of any single one has little or no effect on its earning power?

After research has suggested means by which the value of land and buildings within the Core can be increased, other questions arise: "How valuable should the Core be? Should the Core be made attractive even if it forces some margin retail operators to move to less valuable land? Should it be made more attractive even if it is not the most economical arrangement?" These questions lead back to the broad question: "How important to Boston's future growth is an attractive Retail Core area?"

The successful implementation of redevelopment plans will have to be carried out within the framework of existing owner-tenant relationships. Plans themselves, therefore, should be developed with full knowledge of these relationships. The following is cited as the type of information which would be of value in the preparation of a realistic redevelopment plan:

1. Which buildings are owned by the retailers operating within them or by an associated agency?
2. To what extent is there a separation of ownership of buildings and the land on which they stand?
3. What is the duration and expiration date of the building leases now in force?
4. What are the estimated levels of net income to property owners over the next several years, and what are the major factors affecting their net income under existing conditions of lease (e. g., retail sales, space occupied, taxes, and renovation requirements)?

APPENDIX

SUGGESTED METHODS OF ENCOURAGING NONRETAIL USE IN BOSTON'S DOWNTOWN CORE

Upon completion of our formal report on the downtown core, we were asked to comment on possible approaches to nonretail redevelopment.

Such a program offers a real opportunity to resurrect from re-tailing use buildings that are marginal and "second-class," and to recommit this limited amount of land to more economic uses; that is, uses with greater value to the business making investment than the current value of that land committed to excess capacity and marginal retail operations.

What does Boston offer that will bring new investment to the downtown core area? Its major advantage continues to be a center or "hub." The problem is to plan for those economic activities that have the greatest demand for such a centralized location.

Because it is so accessible, downtown Boston is especially suitable for regional headquarters of firms that must draw upon the Greater Metropolitan Boston area for a labor pool. We should consider here public transit, the new highway expressways that place Boston in a superior competitive position to most other cities in the country. After all, the goal is to induce companies, not now in Boston in an important way, to make significant new investments in the downtown core, such as Prudential has made in the Back Bay.

We should also observe that companies with highly specialized and differentiated labor requirements that must be supplied by a thinly and widely scattered labor pool fall into the same category. In other words, scientists may be scattered from Cohasset and Scituate in the south, to Manchester in the north, and Sudbury in the west, but they are all able to converge in downtown Boston. Boston's opportunities for exploiting its centralized accessibility have been overlooked largely because of the feeling that land is not available in the downtown core. Indicative of this attitude is the Prudential location in the Back Bay. Land formerly committed to retail use will now become available for other development purposes.

Another factor favoring downtown Boston as a regional headquarters location is the ready transportation to all sections of New England. Boston should continue to be the regional operating center of the New England

geographic trading area. It is tied to the west by the new turnpike, to the north by a new turnpike, to New York by an existing turnpike, and shortly will be tied in along the Atlantic Coast by yet another new turnpike. Route 128 knits this highway system together, and the existing and planned expressway systems coming into Boston from 128 complete this picture. Careful attention should be given to planning of the system of highways, so that they will help to break the bottleneck of Boston traffic for this kind of regional headquarters.

Another possibility of development is to make Boston an international headquarters. Our comments in the Boston College seminar remain largely true today. The sheer crowding of air traffic over New York City will eventually result in development of alternative international airports. Boston approaches for landing in bad weather are already superior to those of any New York airport. Since Boston is also closer to Europe and has connecting flights to other parts of the country, there is no reason that its airport cannot be further developed, especially if the reception and waiting rooms were made more attractive, somewhat along the lines of modern airports such as those at Zurich, Switzerland, and Copenhagen, Denmark. The unique nearness of Boston's airport to the downtown core differentiates it from any other possible international airport on the East Coast. Thus, its location is an important advantage.

The Boston community also offers many other advantages that business executives look for when selecting a headquarters location:

1. Numerous cultural attractions;
2. The ability to live in the country and reach an office downtown without undue commuting time;
3. A research center of international importance;
4. An educational center of international importance;
5. A medical center of international importance;
6. A recreational center--summer and winter;
7. An appealing tradition and history; and

8. An accumulated nostalgia for Boston. People all over the country and world went to school here. Many want to return.

Another type of nonretail use for land within the downtown area would be additional hotel accommodations. This type of use would support the headquarters function and meet demand from tourists visiting the New England area.

We also suggest investigation of the possibility of a medical center building in the downtown area. Such a building would provide private office space for doctors and house specialized laboratories. The medical profession is becoming more highly specialized and more dependent on scientific laboratory analysis. As this specialization increases, doctors find it beneficial to locate in "clusters," where their combined needs are sufficient to support the specialized laboratories. Other cities, such as San Francisco, have found this type of medical center building successful. Perhaps Boston would also.

The opportunity to recommit land from retail to nonretail use, with higher associated economic value, has been a long time coming. Recommitting this land to other types of development is a semipermanent action that cannot be changed for a considerable number of years. It is, therefore, urgent that careful and sound planning carry the city through this period of transition.

